



NEWS RELEASE

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SBA SHIFTS TO NEW CLASSIFICATION SYSTEM TO DEFINE SMALL BUSINESS

WASHINGTON - The U.S. Small Business Administration (SBA) is adopting on October 1, 2000, a new industrial classification system that more accurately reflects the composition of today's small business sector, especially the newer portions like the fast-growth technology area. It will serve as the basis for the agency's widely used small business size standards.

The new system, known as the North American Industry Classification System (NAICS), reflects recent business development trends by listing a greater number of advanced technology and service industries than the current Standard Industrial Classification (SIC), which has been in use since the 1930s.

The NAICS classification system now is used to compile business and trade statistics in the United States, Canada and Mexico.

"The phenomenal growth of our national economy in recent years has created entire new industries, especially when measured by the technology sector," said SBA Administrator Aida Alvarez. **"The SBA is adopting NAICS to keep current and more accurately classify our diverse economy. The benefits of this more precise classification will be shared by all, but particularly by those small businesses in these emerging industries."**

Federal procurement officials and others use size standards to determine whether a business is large or small. Knowing the correct size standard can pave the way for a firm to receive contracts, research and development awards and financial or technical assistance reserved only for small businesses.

The SBA's new NAICS-based size standards are listed in a final rule that was published earlier this week in the *Federal Register* (May 15th) and which can be obtained through the Internet at <http://www.sba.gov/size/>.

Between now and October 1, small businesses and other users of size standards should familiarize themselves with the NAICS. Although the size standard for most industry activities will not change as a result of adopting NAICS, a few activities will have a higher or lower size standard than under the current SIC-based size standards. Small businesses should find the NAICS code for their industry and check the size standard to ensure continued eligibility for programs reserved for small businesses.

Further information about NAICS, including a table matching SIC codes to NAICS codes, is available on the U.S. Bureau of Census' web site at <http://www.census.gov/epcd/www/naics.html>.